Madam Speaker, today the White House apparently made an announcement that they're considering a proposal to head off potentially millions of more home foreclosures by using Federal funds to buy up at-risk loans and apparently refinance them. It's one of several proposals that the White House is looking at.

I would urge the new President of the United States not to allow the Federal Government to purchase toxic assets, and I'm placing in the *Record* an article from late last fall by William Isaac, the former head of the Federal Deposit Insurance Corporation during the 1980s, the early part of the eighties, late seventies, when over 3,000 banks in our country were resolved without going to the taxpayers to bail out the problem loans.

Essentially, the Federal Deposit Insurance Corporation used something called the net worth certificate program whereby they were able to resolve over $100 billion worth of insolvency in the savings banks for a total expenditure to them of less than $2 billion. The program involved no subsidy and no cash outlay. The FDIC purchased net worth certificates in troubled banks, and the agency determined then whether they could be viable over time, and banks entering the program had to agree to strict supervision from the FDIC.

If such a program were enacted today, the capital position of banks with real estate holdings would be bolstered, giving those banks the ability to sell and restructure assets and get on with their rehabilitation. No taxpayer money would be spent, and the asset sale transactions would remain in the private sector where they belong.

The banks do not need taxpayer money to carry their loans. They need for the FDIC, time-tested in what it has done in the past, to use proper accounting and regulatory policies that will give them time to work through all of these problem loans.

When the FDIC handled the Washington Mutual situation in an orderly manner, there was no cost to the FDIC nor the taxpayers.

What I'm fearful of is that the very same securities dealers on Wall Street that have benefited handsomely from the TARP and from all of the housing bubble of the 1990s are now going to find another way to put these same loans together and make more money off of us, the American people.

And you know, they're so powerful, they even sit on the New York Federal Reserve Board up there in New York City, primary dealers whose names you will recognize: Goldman Sachs, JP Morgan, HSBC. The worst wrong-doers in the crisis are sitting right up there in New York City with their hands on the money spigots. They send their associates down here to head up the Treasury Department.

And what was interesting is that Countrywide used to be on the Fed. They took them off a couple of years ago. I guess I complained too much because I don't see Countrywide. I guess they collapsed. They're not on the list anymore.

You look down this list, Dresdner Kleinwort Securities over in Germany, that bank is on its knees. It's being bought by Commerzbank and then Commerzbank by the Allianz Insurance Group in Germany. They're on the list of our primary dealers in New York City at the Federal Reserve there. This is a closed circle.

Over the next few days, I will be talking about what happened during the 1990s, where these very same Wall Street and money center banks, the very same ones on this list, planned to over-leverage the U.S. economy and housing market through such schemes as mortgage-backed securities, through which they benefited handsomely in home equity loans and they made extraordinary profits, their executives, their shareholders, their board members.

And the net result of their combined actions has been to indebt our country on the private side and ultimately now try to shift all of that debt to us, to our children and to our grandchildren, and they sit on the board of the Federal Reserve Board up in New York, the 10 or 15 primary dealers, the very same ones that did all of this damage? These same institutions lobbied all during the 1990s and in this decade to change Federal laws that aided and abetted their plan.

In 1994, the Riegle-Neal Interstate Banking and Branching Act was passed into law that hastened all these mergers that made them bigger; and then in 1993 and 1994, changing the rules over at the Department of Housing and Urban Development to allow home builders like Countrywide to approve their own loans, they changed the underwriting and appraisal standards; and then, again, allowing lenders to select their own appraisers back in the early 1990s; and then in 1995 changed the Securities Litigation Act here; and finally the Graham-Leach-Bliley Act overturned in 1999.

Madam Speaker, I have to tell you, the American people will begin to see how the pieces of this puzzle fit together and they all lead back to the Wall Street megacenter banks.

Let's not reward Wall St. and the money center banks that have caused America and the world such great harm. How did they do it?

In the 1990's--Plan is set in place by Wall Street and the largest money center banks--like JP Morgan Chase, Citigroup, Bank of America, HSBC, Wachovia, and Wells Fargo--to over-leverage U.S. housing market through such schemes as mortgage-backed securities and home equity loans to make extraordinary profits and enrich executives, Boards, and their shareholders. The net result of their combined actions has been to indebt the U.S. on the private side, and ultimately shift the cost of their excesses to the public side.

These same institutions lobbied changes to Federal laws along with executive actions that aided and abetted their plan.

1994--Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 was passed into law with Congress hastening bank mergers with further concentration of financial power in large money center banks. The traditional concept of community banking where residential lending took the form of a ``loan'' which was made on the time-tested standards of character, collateral, and collectability was transformed to a ``bond'' or ``security'' which was then broken into pieces and sold into the international market, largely through Wall Street dealers. Essentially, collateral was overvalued, risk was masked, and proper underwriting and oversight of the loan were dispensed with.

1993-1994--HUD removes normal underwriting standards (HUD Mortgage Letter 93-2, ``Mandatory Direct Endorsement Processing'' gave authority to homebuilder owned lenders like KB Mortgage and affiliate lenders like Countrywide to independently approve their own loans; in 1994, Mortgage Letter 94-54 allowed lenders to select their own appraisers. Secretary of HUD, Henry Cisneros, upon departure from the Department became a KB Home Board Member as well as a Countrywide Board Member.)

In 1995 the Private Securities Litigation Reform Act, the only bill ever passed over a Clinton veto and a part of the Contract with America, made securities class action law suits more difficult. Congressman Ed Markey offered an amendment to that bill that would have made those that sold derivatives still subject to class actions. The amendment failed.

1999 Gramm Leach Bliley Act passed Congress and for the first time since the 1930's removed the regulatory barriers between banks, commerce, insurance and real estate. Over the next several years, the fury of an inflating housing market and mergers of financial institutions increased. Today, Dresdner, the second largest bank in Germany, has been victimized by the subprime crisis, and has been put up for sale, and is likely being acquired by Commerzbank which is owned by Allianz Insurance Group of Germany. Effective June 5, 2008, Dresdner Kleinwort Securities LLC was listed on the Federal Reserve Bank of New York ``Primary Government Securities Dealers.'' This means a foreign institution, with severe financial problems, is brought under the umbrella of the Federal Reserve. In addition, if one studies the Primary Dealer list, one will also note the presence of Countrywide Securities Corporation, one of the subsidiaries of Countrywide, the most egregious subprime lender in the U.S. The Federal Reserve has become an encampment for the most culpable.

The Boards and executive staff of U.S. housing secondary market instrumentalities, like FNMA and Freddie Mac, further enflamed the boom housing market during the 1990's by masking risk and fraudulent account schemes. All the while, their Boards and executives were making handsome compensation and benefit packages.